



THE NAVAJO NATION

OFFICE OF THE PRESIDENT & VICE PRESIDENT

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Navajo President Joe Shirley, Jr., urges Council to support power line right-of-way permit for Desert Rock Energy Project

WINDOW ROCK, Ariz. – Navajo Nation President Joe Shirley, Jr., has asked the Navajo Nation Council and the Navajo people to support the final tribal permit for the Desert Rock Energy Project to proceed.

"The life of a Navajo has changed," said Shiprock Council Delegate GloJean Todacheenie. "I never thought I'd see the day when there was a Hummer pulling a horse trailer. They like their money and you make money by working."

In a message to the Council and a full-page newspaper ad, the President said the legislation to approve Desert Rock builds on the work of Navajo leaders for the last 20 years, and will create a positive legacy for Navajo children and their children.

"Twenty-three years ago, our Navajo leaders had the foresight to create our own energy entity – the Diné Power Authority," the President said. "Its purpose is to develop an energy project to make use of our most plentiful natural resource – coal. After years of research and planning, DPA partnered with Sithe-Global, an international energy developer, and together set out to build the Desert Rock Energy Project."

The Council is scheduled to vote Friday on legislation to approve a right-of-way for transmission lines for the project. This is the last of four necessary Navajo permits to be approved by the Council for the project to proceed.

The Council voted 66-7 in May 2006 to lease and sub-lease 591 acres to the project to be built in Nenahnezad Chapter. The project would receive low sulfur coal mined from the adjacent BNCC Navajo Mine.

Over the next 50 years, the power plant would bring in \$2.5 billion to the Navajo Nation.

Payments from the plant would be \$20 million in annual tax, \$18 million in annual coal royalties, \$8 million in annual coal taxes, and \$4.5 million for water rights.

During a Council work session on the issue Thursday, several delegates spoke in favor of the project.

"Navajos did not cause climate change and global warming but Navajos are being held responsible for it. For 30 years, the federal government has told us we should develop our own power plant and now opponents are telling us that we can't."

– Navajo Nation President Joe Shirley, Jr.

She said the quality of life in the Four Corners area is better because of the generosity of power plant workers who donate to local charities like United Way and Navajo Way.

"God bless those people," she said. "That's the joy of people who work, and that's how these workers are."

She said she recycles her plastics and cans every Saturday but sees few people doing the same.

"How many of you recycle?" she asked her colleagues. "The only ones who collect those aluminum cans are those *glanis*."

Ms. Todacheenie said after seeing others profit from development through the years, the Navajo Nation should participate as well.

"It's time the Navajo Nation is saying, 'I want a piece of this American pie,'" she said. "I want a piece of this industrial development."

President Shirley said DPA chose Sithe-Global because the company is willing to be an equity partner with the Navajo Nation, respects Navajo sovereignty, will abide by Navajo law, and wants to build on Navajo land using Navajo workers.

He said the project would create 1,500 construction jobs over the four-year construction period, 400 permanent jobs for its 50-year life, and hundreds of service jobs "from truck drivers, inspectors, engineers to the burrito ladies who will sell food to hungry workers."

He said it would also bring \$52 million in annual revenues to the Navajo Nation for 50 years.

Newcomb/Sheep Springs Council Delegate Edwin Jim, Jr., also spoke in favor of the project, saying Navajo people and youth ask whether they can get work on their homeland.

"Is there a job for me on the Nation," he said one young person asked in Phoenix. Another spoke up and said, "Yes, you can become a bootlegger."

"I don't like hearing those kinds of jokes," Mr. Jim said. "We need jobs. Our people want to live in better homes."

He said it didn't make sense to change directions when the Nation was already almost "across the river."

Rock Point Council Delegate Rex Lee Jim said he would support the permit legislation because he is concerned about the welfare of future generations. Jobs on the Navajo Nation are needed, he said.

Many Navajos lack the education and resources to move away from the Navajo Nation to enjoy better living conditions in urban areas where electricity and running water is everywhere, he said.

He asked how do a lot of Navajo elders survive financially.

"Social Security," he said, indicating that they need an income and could not survive off the land if they wanted to.

Mr. Jim said he got electricity in November and noticed the substantial cost savings. Before then, he used solar power to electrify his home. He can now buy healthier food and not live off spam and potatoes, he said.

President Shirley said the super-critical boiler technology design for the plant will protect the Navajo environment and air by reducing harmful emissions by 95 percent, reduce water use by 80 percent, and generate 20 percent less carbon dioxide because of its super-critical boiler design.

He said the company is willing to build the plant to accommodate carbon capture sequestration technology when it becomes feasible.

In his speech Tuesday night, President Barack Obama called for a \$15 billion-a-year investment in clean-energy sources, including clean coal.

In his message to the Navajo people, the President said that not issuing the final permit would be like buying a new truck and allowing it to be re-possessed just when the last payment is due.

"All that has been invested would be gone," he said. "If the Navajo Nation Council votes against Desert Rock's right-of-way permit, its \$20 million investment since 1985 will essentially be lost."

He said that although Desert Rock's opponents say the plant would produce too much carbon dioxide, the amount of CO² caused by a forest fire is 10 times as much as Desert Rock would produce in a year. He said all of the vehicles driven across Navajoland don't equal the emissions produced by cars in one New Mexico city.

"Navajos did not cause climate change and global warming but Navajos are being held responsible for it," he said. "For 30 years, the federal government has told us we should develop our own power plant and now opponents are telling us that we can't."

He also said that although opponents say the power plant would harm the Navajo environment, the plant's design is the cleanest planned for the country.

"To delay Desert Rock costs Navajo workers time on the job and the chance to return home from jobs around the country," President Shirley said. "It costs the Navajo Nation \$4.3 million a month in revenue that would benefit the Navajo people. If the Navajo Nation delays Desert Rock further, it is possible its investors will build the plant elsewhere and Navajos will suffer because of our uncertain business practices."

"The Desert Rock Energy Project, now 23 years in the planning, addresses the most important economic, environmental, and energy challenges the Navajo Nation faces," President Shirley said. "It represents a solution rather a problem. It will move the Navajo Nation toward financial independence and put thousands more of our people to work and standing on their own two feet."

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Facts about the Desert Rock Energy Project

Voluntary Regional Air Quality Improvement Plan

Desert Rock will have the lowest emissions of any coal plant built in the United States. It will set a new standard for future projects. In addition, Desert Rock will implement additional voluntary emissions reduction programs to further improve the air quality in the Four Corners area.

1. Desert Rock will reduce regional SO² emissions and improve visibility.
 - a. SO² control-sponsored project would offset the SO² emissions of Desert Rock (3,315 tons of SO²) plus additional 330 tons of SO² from the local atmosphere, for a total reduction of 110%.
 - b. Desert Rock may implement a NO_x control project which will remove approximately 10,000 tons of NO_x.
 - c. If Desert Rock is not able to invest in capital projects at other plants to reduce SO² or NO_x emissions, Desert Rock has reserved capital to purchase and retire up to \$3,000,000 per year in SO² allowances for the life of the project. The acquisition of these allowances is beyond those that are required under the Acid Rain program.
2. Mercury control of at least 80% will be achieved, 90% is targeted.

Mercury

1. Desert Rock Energy Project agreed to reduce mercury emissions by a minimum of 80% and will attempt to further reduce Mercury emissions to 90% control subject to a cost cap in the Voluntary Regional Air Quality Improvement Plan.
2. Desert Rock Energy Project's mercury emissions will be substantially lower than the emission limits set forth in the proposed Clean Air Mercury Rule.
3. Desert Rock Energy estimates that mercury emissions will average approximately 120 lbs/yr., and would be approximately 11% of the current estimated Mercury emissions from NM regulated sources.
4. Existing coal projects in New Mexico currently emit an estimated 1,506 lbs of mercury annually. Desert Rock's mercury emissions per MWh are less than 40% of those of the existing coal plants in New Mexico. Desert Rock will represent over 27% of New Mexico's coal-fired generation and 7% of estimated mercury emissions from these coal-fired projects.

CO²

1. Desert Rock will use a super-critical boiler which is 15-20% more efficient than comparable technologies and will reduce greenhouse gases.
2. There is no technology that will produce less greenhouse gas emissions including IGCC.
3. Desert Rock is designed to allow future additions of proven carbon capture sequestration technology.

Integrated Gasification Combined Cycle

1. IGCC does not meet the cost, reliability, or environmental standards of the technology selected for Desert Rock.
2. Desert Rock emissions, including greenhouse gas emissions, are lower than operating IGCC plants and are equivalent to proposed IGCC plants. IGCC plants do not produce less greenhouse gases than a supercritical plant with similar efficiency.

Desert Rock Energy Economic Summary

Estimated Tax Revenues over \$ 600 million

- Gross Receipts Taxes
 - Approximately \$350 million from construction through first 25 years of operations
 - Approximately \$90 million to San Juan County
 - Approximately \$260 million to State of NM
- Corporate State Income Tax, over \$250 million from construction through first 25 years of operations

Job Creation Construction Period

- An average of over 1,000 union jobs during the 5 year construction period
- Total Wages To Exceed \$550 Million

Job Creation Operations Period

- Approximately 200 union wage jobs at Desert Rock Plant
- Approximately 200 union wage jobs at BHP Navajo Mine expansion
- Average wages estimated at \$60,000 per year
- Job training to be provided

Navajo Benefits

- Direct Payments to the Navajo Nation will exceed \$50 million annually and represent 30 percent of the current general fund budget.
- Job training will be provided to Navajo's to ensure they are eligible for both construction and operational jobs.